

THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. What is the difference between a risk and an opportunity?
 2. What are the four methods a business can use to deal with risks that it faces?
 3. A _____ risk has the possibility of either a financial loss or a gain.
 - a. pure
 - b. speculative
 - c. natural
 - d. human
 4. Which of the following is not one of the primary sources of risk faced by companies? _____
 - a. property
 - b. personnel
 - c. liability
 - d. financial
 5. Using a financial services company to offer customer credit is an example of _____ the risk.
 - a. avoiding
 - b. transferring
 - c. insuring
 - d. transferring
 6. True or False? _____ Controllable risks can be reduced or avoided by thoughtful actions.
 7. True or False? _____ Risk management deals with both pure and speculative risks.
 8. A word that is used as a substitute for risk is _____
 - a. peril
 - b. insurance
 - c. uncertainty
 - d. opportunity
 9. Purchasing insurance trades a potentially large but uncertain loss for a smaller but certain _____.
 - a. gain
 - b. risk
 - c. result
 - d. payment
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TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

10. With your team brainstorm a list of risks team members and their families face on a regular basis. Classify them as natural, human, controllable, and uncontrollable. Discuss what can be done to reduce the losses that could result from each risk.